

Internal Revenue Service

2  
Department of the Treasury


P.O. Box 260, Newark, N.J. 07101

District  
Director



Person to Contact:

Telephone Number:

Refer Reply to:  P.O. Box  
13163, Rm. 643, Baltimore, MD

Date: 21203

AUG 6 1985


CERTIFIED MAIL

Gentlemen:

We have considered your application for exemption from Federal income tax under the provisions of section 501(a) and as an organization described in section 501(c)(7) of the Internal Revenue Code.

Section 501(c)(7) of the Code exempts organizations that are "organized for pleasure...no part of the net earnings of which inures to the benefit of any private shareholder."

Section 1.501(c)(7)-1(a) of the Income Tax Regulations states that exemption applies only to clubs organized and operated exclusively for pleasure, recreation and other nonprofitable purposes.

Your organization was organized for the purpose of providing for the administration, occupancy, management and operation of condominium property within the . You have also indicated that you collect yearly a site fee which covers expenses incurred in the maintenance of roads, water lines and for general repairs within your village.


Your organization is not organized or operated exclusively for the exempt purposes stated in section 501(c)(7) of the Code. The provision of benefits such as maintenance and repair of roads and water lines constitutes the provision, of private benefits for unit owners. Accordingly, you are not qualified for exemption under Code section 501(c)(7) and are not qualified for exemption under any other related paragraph of section 501(c).

You are required to file Federal income tax returns on Form 1120 (or other appropriate form) within two and one-half months following the end of your annual accounting period.

Publication 892, which accompanies this letter, describes your appeal rights fully should you decide to appeal this ruling.

If we do not hear from you within 30 days of the date of this letter, this will become our final determination on the matter.

Sincerely yours,

  
District Director

Enclosure:  
Publication 892